

MGMT 704: Economics for Managers
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Fall Term, 2016
Fourth Quiz

Name: _____

This is a true-false and why examination with each question worth five points. There is one point for the correct response and four points for the correct reason(s). Be brief, but not vague. Feel free to illustrate your answer with a graph. However, each answer should include a sentence. **Include a definition of all the underlined economic terms in your answers.** If you find any of these questions confusing or ambiguous, do not hesitate to ask me for clarification.

T F 1. Structural unemployment occurs when the market wage is set above the equilibrium level.

T F 2. The Federal Reserve can use open market operations to change the money supply.

T F 3. Our current trade deficit has nothing to do with domestic savings.

T F 4. Restrictions on imports have been shown to be an effective way to reduce a trade deficit.

T F 5. The short run aggregate supply curve shifts due to a change in consumer behavior.